

INTRODUCTION: Exchange Stabilization Fund

To stabilize the exchange value of the dollar, the Exchange Stabilization Fund (ESF) was established pursuant to chapter 6, section 10 of the Gold Reserve Act of January 30, 1934 (codified at 31 United States Code 5302), which authorized establishment of a Treasury fund to be operated under the exclusive control of the Secretary, with approval of the President.

Subsequent amendment of the Gold Reserve Act modified the original purpose somewhat to reflect termination of the fixed exchange rate system.

Resources of the fund include dollar balances, partially invested in U.S. Government securities, *special drawing rights* (SDRs), and balances of foreign currencies. Principal sources of income (+) or loss (-) for the fund are profits (+) or

losses (-) on SDRs and for foreign exchange, as well as interest earned on assets.

- Table **ESF-1** presents the assets, liabilities and capital of the fund. The figures are in U.S. dollars or their equivalents based on current exchange rates computed according to the accrual method of accounting. The capital account represents the original capital appropriated to the fund by Congress of \$2 billion, minus a subsequent transfer of \$1.8 billion to pay for the initial U.S. quota subscription to the International Monetary Fund. Gains and losses are reflected in the cumulative net income (+) or loss (-) account.

- Table **ESF-2** shows the results of operations by quarter. Figures are in U.S. dollars or their equivalents computed according to the accrual method. "Profit (+) or loss (-) on foreign exchange" includes realized profits or losses. "Adjust-

TABLE ESF-1.—Balances as of July 1, 2000, and Sept. 30, 2000

[In thousands of dollars. Source: Office of the Assistant Secretary of the Treasury for Management]

Assets, liabilities and capital	June 30, 2000	July 1, 2000, through Sept. 30, 2000	Sept. 30, 2000
Assets			
U.S. dollars:			
Held with Treasury:			
U.S. Government securities	12,645,207	-1,616,637	11,028,570
Special drawing rights ¹	10,444,354	-127,939	10,316,415
Foreign exchange and securities:			
European euro	6,634,663	234,639	6,869,302
Japanese yen	8,877,769	-144,012	8,733,757
Accounts receivable	148,283	-1,444	146,839
Total assets	38,750,276	-1,655,393	37,094,883
Liabilities and capital			
Current liabilities:			
Accounts payable	192,154	-4,030	188,124
Total current liabilities	192,154	-4,030	188,124
Other liabilities:			
SDR certificates	4,200,000	-	3,200,000
SDR allocations	6,552,039	-192,986	6,359,053
Total other liabilities	10,752,039	-1,192,986	9,559,053
Capital:			
Capital account	200,000	-	200,000
Net income (+) or loss (-) (see table ESF-2)	27,606,083	-458,377	27,147,706
Total capital	27,806,083	-458,377	27,347,706
Total liabilities and capital	38,750,276	-1,655,393	37,094,883

TABLE ESF-2.—Income and Expense

[In thousands of dollars. Source: Office of the Assistant Secretary of the Treasury for Management]

	Current quarter July 1, 2000, through Sept. 30, 2000	Fiscal year to date Oct. 1, 1999, through Sept. 30, 2000
Income and expense		
Profit (+) or loss (-) on:		
For eign ex change.	-647,089	-1,343,591
Ad just ment for change in val u a tion of SDR holdings and allocations ¹	-127,015	-255,353
In ter est (+) or net charges (-) on:		
SDRs.	43,748	156,848
U.S. Gov ern ment se cu ri ties	195,921	805,564
For eign ex change.	71,445	256,135
Com mis sions.	-	104,773
In come from op er a tions	-462,990	-275,624
Net in come (+) or loss (-)	-462,990	-275,624

¹ Be gin ning July 1974, the In ter na tional Mon e tary Fund adopted a tech nique for val u ing the SDRs based on a weighted av er age of ex change rates for the cur ren cies of se lected mem ber coun tries. The U.S. SDR hold ings and al lo ca tions are val ued on this ba sis be gin ning July 1974.

Note.—An nual bal ance sheets for fis cal 1934 through 1940 ap peared in the 1940 "An nual

Re port of the Sec re tary of the Treas ury" and those for suc ceed ing years ap peared in sub se quent re ports through 1980. Quar terly bal ance sheets be gin ning with De cem ber 31, 1938, have been pub lished in the "Treas ury Bul le tin." Data from in cep tion to Sep tem ber 30, 1978, may be found on the state ments pub lished in the Jan u ary 1979 "Treas ury Bul le tin."